

Dominion Energy Southeast Services, Inc.
Legal Regulatory Department
400 Otarre Parkway, Cayce, SC 29033
Mailing Address:
220 Operation Way, MC C222, Cayce SC 29033
DominionEnergy.com



July 1, 2019

VIA ELECTRONIC FILING

The Honorable Jocelyn Boyd
Public Service Commission of South Carolina
101 Executive Center Drive
Columbia, South Carolina 29211

RE: Friends of the Earth and Sierra Club, Complainant/Petitioner v. South Carolina Electric & Gas Company, Defendant/Respondent
Docket No. 2017-207-E

Request of the Office of Regulatory Staff for Rate Relief to South Carolina Electric & Gas Company's Rates Pursuant to S.C. Code Ann. § 58-27-920
Docket No. 2017-305-E

Joint Application and Petition of South Carolina Electric & Gas Company and Dominion Energy, Incorporated for Review and Approval of a Proposed Business Combination between SCANA Corporation and Dominion Energy, Incorporated, as May Be Required, and for a Prudency Determination Regarding the Abandonment of the V.C. Summer Units 2 & 3 Project and Associated Customer Benefits and Cost Recovery Plans
Docket No. 2017-370-E

(This filing does not involve any change to the retail electric base rates of Dominion Energy South Carolina, Inc.)

Dear Ms. Boyd:

By Order No. 2018-804 ("Order"), dated December 21, 2018, issued in the above-referenced dockets, the Public Service Commission of South Carolina ("Commission") approved, among other things, the merger between Dominion Energy, Inc. ("Dominion Energy") and SCANA Corporation ("SCANA"). As part of its approval of the merger, the Commission also approved certain merger conditions. One such merger condition requires that:

(Continued . . .)

Dominion Energy will seek to minimize the reductions in local employment, and in particular any involuntary reductions, by allowing some of the Dominion Energy Services, Inc. employees supporting shared and common services functions and activities to be located in Cayce where it makes economic and practical sense to do so. In any case, it will maintain employees in Cayce when it is in the best interests of [Dominion Energy South Carolina, Inc.'s] customers to do so.

[Order No. 2018-804, Order Exhibit p.7].

In furtherance of this merger condition, Dominion Energy is required to report to the Commission on its progress twice a year until 2021. The purpose of this letter is to provide the Commission and the South Carolina Office of Regulatory Staff with an update on this merger condition for the six months ending June 30, 2019.

On January 1, 2019, SCANA merged with and into Dominion Energy, and since that time, Dominion Energy has been focused on integrating SCANA and its subsidiaries, including its employees, with Dominion Energy. Dominion Energy has taken great care to ensure that the services company employees located in Cayce are minimally impacted during integration. In furtherance of this effort, Dominion Energy announced on March 21, 2019, that it was offering a Voluntary Retirement Program ("VRP") for eligible employees who were 55 years of age or older and had at least three years of service as of July 31, 2019.¹ The VRP, which was offered to Dominion Energy employees across the nation, was designed, in part, to assist with the integration of SCANA, create new growth and career opportunities for employees, and advance the strategic efforts to recruit top talent from diverse backgrounds that will meet Dominion Energy's future business needs.

On April 26, 2019, Dominion Energy announced that all requests to participate in the VRP would be accepted. A little more than ten percent (10%) of total employees across Dominion Energy requested to participate in the VRP. More specifically, in South Carolina, a total of 1,369 employees from Dominion Energy South Carolina,

¹ Prior to the March 21, 2019 VRP announcement, Dominion Energy presented a Voluntary Separation Program ("VSP"), which was similar to that of the VRP, to certain administrative assistants who served in roles supporting SCANA executives and officers who had retired or would be retiring in the near future as a result of the merger. Sixteen administrative assistants qualified for the VSP, and of those who qualified and worked in Cayce, six elected to participate.

The Honorable Jocelyn Boyd
 July 1, 2019
 Page 3

Inc. ("DESC") and Dominion Energy Southeast Services, Inc. ("DESS")² qualified for participation in the VRP and of that amount, 294 DESC employees along with 207 DESS employees enrolled in the VRP. Without sacrificing safe and efficient operations, 280 VRP participants based in South Carolina began transitioning out of the Dominion Energy workforce on June 1, 2019. As the year progresses, additional South Carolina based VRP participants will exit the Dominion Energy workforce at various intervals. Over time, Dominion Energy will evaluate the job vacancies resulting from the VRP and will only fill certain key positions through job rotations, promotions and new hires.

In addition to the VRP, Dominion Energy has also accelerated the transition of ~~certain employees from DESS to Dominion Energy Services, Inc. ("DES")~~ by filling vacant Dominion Energy positions with personnel from DESS and other SCANA subsidiaries.³ As of June 30, 2019, Dominion Energy has filled twelve open positions with DESS and DESC employees. Historically, these DES positions have been located in Richmond, Virginia, but Dominion Energy is committed to, where possible, locating and retaining these positions in Cayce as well as other parts of the DESC service territory. As an example of keeping its commitment, the position of Deputy General Counsel for Labor, Employment and Utility Operations is currently based in Cayce and provides services to Dominion Energy nationwide. To the extent that other DES positions become available, and where it makes economic and practical sense to do so, Dominion Energy will continue to evaluate locating these positions in Cayce. As of June 30, 2019, 4,136 DES, DESS, and DESC employees are located in South Carolina and of that amount 1,470 are located in Cayce.⁴

As part of its integration efforts, Dominion Energy has also appointed DESS and DESC employees to serve on prominent committees within Dominion Energy.

² Effective April 29, 2019, SCANA Services, Inc. changed its legal name to Dominion Energy Southeast Services, Inc. and South Carolina Electric & Gas Company changed its name to Dominion Energy South Carolina, Inc.

³ Dominion Energy anticipates substantially completing its integration efforts by January 1, 2021.

⁴ While Dominion Energy has been working to retain positions in Cayce, it has also been required to eliminate certain Cayce-based positions which were duplicative functions being performed in Richmond. For example, Dominion Energy maintained a corporate secretary's office in Richmond prior to the merger and therefore, it was not necessary for Dominion Energy to maintain a second corporate secretary's office in Cayce after the merger. In early 2019, Dominion Energy instituted an involuntary severance program which removed the Cayce-based corporate secretary's office from its workforce along with certain other duplicative positions. As of June 30, 2019, Dominion Energy has eliminated four Cayce-based positions that are currently being performed in Richmond as well as five other positions not based in Cayce.

The Honorable Jocelyn Boyd
July 1, 2019
Page 4

For example, DESS and DESC employees are serving on various internal Dominion Energy project teams, including its integration and supply chain teams. DESS employees are also serving on Dominion Energy's disclosure and management committees. Additionally, Dominion Energy's integration efforts are currently being led by a DESS employee based in Cayce, and DESS employees are leading Dominion Energy's efforts to implement certain new information technology features across all of Dominion Energy. In summary, Dominion Energy is working diligently to ensure that its Cayce-based workforce has direct input into the decisions and day-to-day operations of the company.

By copy of this letter, Dominion Energy is providing a copy of this letter to all parties in the above-referenced dockets.

If you have any questions or concerns, please do not hesitate to contact us.

Very truly yours,



K. Chad Burgess

KCB/kms

cc: **All Parties of Record in Docket No. 2017-207-E**
All Parties of Record in Docket No. 2017-305-E
All Parties of Record in Docket No. 2017-370-E